

FY 2013 Public Cost Segments and Components Report

I. PREFACE

NOTE: Revisions of 2/06/14 are explained at the end of this document in **bold**.

A. Purpose and Content

USPS-FY13-2 is an output of the FY 2013 Cost and Revenue Analysis (CRA) Model that shows product attributable costs for 18 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier and Rural Carrier Street Costs, and Purchased Transportation.

B. Predecessor Document

In the Postal Service's FY 2012 Annual Compliance Report (ACR) filing (Docket No. ACR2012, December 28, 2012), this material was presented as USPS-FY12-2.

C. Corresponding Non-Public or Public Document

A non-public version of this document is provided as USPS-FY13-NP12, FY 2013 Non-Public Cost Segments and Components Report.

D. Methodology

The FY 2013 Public Cost Segments and Components Report conforms to the methodology most recently applied in the Commission's FY 2012 Annual Compliance Determination, except for the methodology changes to the CRA 'B' workpapers discussed in USPS-FY2013-32.

E. Inputs/Outputs

The FY 2013 Public Cost Segments and Components Report is an output of the FY 2013 CRA Model documented in USPS-FY13-31. As such, it utilizes as input the FY 2013 "B" workpapers contained in USPS-FY13-32; variabilities and distribution keys developed in USPS-FY13-7; equipment- and facility-related costs developed in USPS-FY13-8; In-Office Cost System-derived distribution keys documented in USPS-FY13-37; and expenses from the FY 2013 general ledger as developed in USPS-FY13-5.

The FY 2013 Public Cost Segments and Components Report is utilized in USPS-FY13-NP4, the FY 2013 International Cost and Revenue Analysis (ICRA) Model.

II. ORGANIZATION

The FY 2013 Public Cost Segments and Components Report is provided as an Excel workbook. It consists of a 48-page report that presents a summary of costs by mail category for all cost segment totals, followed by component-level detail within each segment. As it is intended for public distribution, it does not contain detail below the total level for the Postal Service's Competitive products.

PUBLIC CRA REVISIONS OF 2/06/2014

Section A below describes the process used to make the updates associated with the updated RPW extract file materials filed in USPS-FY13-NP31 in response to Q. 11 of ChIR No. 1. Section B describes the effects of that process.

A. Revision Process

RPW gets uploaded to I-forms (USPS-FY13-32 - Workpapers B Input file). RPW goes to the input sheet on each of the cost segment spreadsheets (Workpapers B) that use data.

From the input sheet the numbers go out to some of the worksheets (tabs) in the spreadsheets where they are used in calculations.

The calculations may go to one tab or several tabs in the cost segment worksheet, where more calculations may be made.

The calculations culminate in the Outputs to CRA tab in each cost segment worksheet (Workpapers B).

All data from the Outputs to CRA tab gets uploaded into the CRA model (USPS-FY13-31 - FY2013 CRA Model).

The CRA model distributes the data by class and component to several places in the model.

The CRA model also uploads RPW for its own use to calculate new outputs not done in the Workpapers B.

The outputs from all of those calculations goes into all of the model reports A,B,C,D,F,I (USPS-FY13-31 - Reports).

B. Public Cost Segments and Components Report (C Report) changes

Slight changes in the distribution of costs, due to the RPW corrections, can be seen throughout the CRA reports, which are shown most clearly in the Cost Segments and Components Report. (USPS-FY13-2).

The cost segment that shows the most difference in costs is CS1, Postmasters, whose costs are distributed on Product Revenue, and which changed slightly for almost all products. Of course, the total costs for the CS1 are the same, but the distribution among products and the split between market dominant and competitive costs went from \$280,742/\$60,116 to \$280,099/\$60,520.

Other segments with product cost changes, albeit very small, are CS2, Supervisors and Technicians, CS3 Clerks and Mailhandlers, CS6 City Delivery Carriers Office, CS7 City Delivery Carriers Street, CS10 Rural Carriers, CS13 Miscellaneous Local Operations, CS16 Supplies and Services, and CS18 Administration and Area Operations.

Cost Segments that were not affected by the RPW correction were CS8 Vehicle Service Drivers, CS11 Custodial and Maintenance Services, CS12 Motor Vehicle Service, CS14 Transportation, CS15 Building Occupancy, CS17 Research and Development, CS19 General Management Services and CS20 Other Accrued Expenses.

CRA values that changed (compared to the original filing) have been highlighted in the Public CRA summary report (USPS-FY13-1).